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ABSTRACT

Legislators and school districts are reviewing alternative compensation plans in an effort to attract and retain qualified teachers. Limited merit-pay based plans have been abandoned, and the single salary schedule remains in place nationwide. A tight labor pool, greater scrutiny by legislatures, and new laws create pressures to raise salaries even while half of new teachers resign within five years and policymakers remain reluctant to allocate more resources. The four major systems in use today are: (1) pay for performance linking compensation to student achievement; (2) knowledge- and skills-based systems employing new assessment tools; (3) school-based award programs offering financial bonuses for reaching specific goals and benchmarks; and (4) compensation for certification with the National Board for Professional Teaching Standards (NBPTS). Beginning in 2002-2003, Cincinnati will be the first large city to drop traditional salary structures: teachers with less than 22 years' experience will be compensated based on evaluations of teachers grouped into five career categories. A Pilot program in Denver and Douglas County, Colorado, includes, respectively, a mix of three pay-for performance and a blend of pay-for-performance plans and knowledge-and-skills based plans. School districts can turn to a variety of resources for guidance in evaluating approaches to compensation, including the Consortium for Policy Research in Education's Teacher Compensation Project, a Milken Family Foundation report, and publications by the American Federation of Teachers, the National Commission on Teaching and America's Future, and Education Week. (Contains 17 references.) (TEJ)

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# Alternative Teacher Compensation

*By Brad Goorian*

Teacher compensation is gaining renewed attention in state legislatures and school district offices as policymakers seek to attract and retain qualified individuals to teaching and also explore creative ways to promote higher educational and professional standards.

This Digest examines various alternative methods of teacher compensation currently proposed or in practice in school districts around the country.

### What Is the Current Standard for Teacher Compensation?

The single salary schedule, which pays individual teachers on the basis of their years of experience and educational units or degrees, has been in place nationwide for at least 50 years (Odden 2000). Attempts to unseat the single salary schedule have largely foundered.

The 1980s saw significant experimentation with merit-pay and career-ladder systems, which rewarded teachers financially based on performance reviews and their willingness to take on extra responsibilities. The seemingly subjective nature of administrator-led reviews created resentment among teachers and their unions and was "at odds with the team-based, collegial nature of well-functioning schools" (Odden). Odden asserts that virtually none of the merit-pay systems enacted prior to the 1990s survives today.

### Why Change the Single Salary Schedule?

Despite its resilience, the single salary schedule "seems to be always under attack" (Odden). Although predictable and fair, the current system, say its critics, rewards mediocrity by valuing seat time over teaching skill. A tight labor market, greater scrutiny from state legislatures, and new laws in some states that encourage or even require changes in teacher compensation are among the factors currently pressuring schools to raise salaries.

Demographically, the need for new teachers is rising to an epic level. The U.S. Department of Education estimates that the nation will need more than a million new teachers by 2010, nearly half the current work force of 2.6 million in elementary and secondary schools. An estimated 50 percent of new teachers leave the profession within five years, many of them citing money and professional dissatisfaction as key reasons.

At the same time, policymakers seem unwilling to allocate more money to schools without ensuring a return on their investment. Linking teacher pay to student test scores, for example, is unpopular with many teachers and their unions but may be imposed on school districts by legislators or district negotiators.

### What Alternatives Exist to the Single Salary Schedule?

There are four main types of alternative compensation systems in use today: (1) pay for performance, (2) knowledge- and skills-based pay systems, (3) school-based performance award programs, and (4) compensation for certification with the National Board for Professional Teaching Standards (NBPTS).

*Pay for performance.* This concept generally links teacher pay to certain performance benchmarks, notably student test scores. School districts in Colorado, Minnesota, Indiana, and other states are experimenting with some form of pay for performance linked to student test scores (Urbanski and Erskine 2000). This concept, like merit-pay systems of the past, is troubling to many teachers who worry that pay will be linked to subjective factors outside their control. The National Education Association recently rejected a resolution that would have accepted pay for performance provided the systems were "clearly stated," "subject to objective measurement," and did not use student test scores to determine salaries (Archer, July 12, 2000).

One alternative school in Los Angeles ties dollar amounts to teachers' demonstrated skill in lesson planning, literacy instruction, and the use of technology. An administrator and a peer teacher conduct assessments four times a year, rating the skills of those being evaluated. The teachers also rate themselves, and their scores account for one-third of the total score.

*Systems based on knowledge and skill.* Some states, such as Ohio and Colorado, are incorporating relatively new assessment tools produced by the Educational Testing Service (ETS) and the Council of Chief State School Officers (CCSSO) into their compensation systems. These tools, known as Praxis and INTASC assessments, assess and test teachers' core content knowledge as well as clinical teaching practices and pedagogy. Performance on these assessments is one factor in earning increased pay, though both the Denver and Cincinnati plans allow teachers to demonstrate acquisition of new knowledge and skills through portfolios of their class-work and professional-development activities.

The Consortium for Policy Research in Education (CPRE) stresses that knowledge- and skills-based compensation systems can and should reward teachers for acquiring whatever skills a school needs. Thus, a plan could encourage and reward teachers who learn skills such as budgeting and curriculum planning, which might allow talented individuals to both teach and perform administrative duties, instead of leaving teaching altogether for better-paying administrative jobs.

*Systems based on school performance.* School-based-performance award (SBPA) programs generally tie financial bonuses to specific goals and benchmarks, such as improving test scores in core subjects and reducing absenteeism and dropout rates. Some school districts restrict the funds to school-improvement projects, whereas others give bonuses directly to staff with no restrictions. In the Charlotte-Mecklenburg district, schools set an-

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nual improvement goals based on student achievement on standardized tests. The district grants staff unrestricted cash bonuses for meeting their goals.

Maryland's program assesses student attendance and performance on two standardized tests. Maryland's Department of Education awards cash bonuses to schools but not to staff for meeting targeted goals. The Department also releases report cards on state and district progress toward meeting standards, thus creating incentives in the form of public approval and support or public criticism.

The CPRE believes that current SBPA programs do a good job of focusing teacher and system attention on key educational goals and continuous improvement. However, it argues that SBPA programs can be strengthened by providing more clearly stated goals and consistent feedback so that teachers know what is expected of them and what knowledge and skills they should strive to acquire. It also calls for more consistent funding to assure teachers that the bonuses will be available if they meet their goals.

*Compensation based on certification.* Certification through the NBPTS is gaining recognition. About half the states provide financial incentives for achieving board certification.

The certification process combines rigorous standards developed by the NBPTS with a sophisticated, extensive assessment process to determine whether teachers meet those standards. Many teachers who have been assessed testify to the rigor and fairness of the process and claim that the assessments are the "best professional development activities" in which they have been involved (Odden).

The assessment procedure is both long and expensive, and currently only about 40 percent of teachers who go through it earn board certification (Odden).

Many states are offering incentives for certification. For example, California provides a one-time $10,000 bonus for board certification; North Carolina offers a 12 percent pay raise for the life of the certificate; and Florida grants a 10 percent salary increase for the life of the certificate and an additional 10 percent bonus to those who mentor newly hired teachers (http://www.nbpts.org/where/).

### Where Are Alternative Systems in Practice Today?

Cincinnati is believed to be the first big-city public school district to scrap its traditional salary structure entirely. Beginning in the 2002-2003 school year, all teachers with less than 22 years of experience will be ushered into the new plan (Blair 2000).

The plan contains five career categories and accompanying salary ranges, from "apprentice" to "accomplished," with specific goals and standards attached to each. Frequent, indepth evaluations will determine whether teachers advance, stay in the same category, or slide back into a lower one. The plan is a "knowledge- and skills-based" system, rewarding teachers for meeting goals set by the district rather than student test scores.

Denver's closely watched pilot program offers three different pay-for-performance plans. One is based on standardized test scores, another is linked to achievement on teacher-made assessments, and the third takes into account demonstrated acquisition of new knowledge and skills. Twelve elementary schools are currently participating, but so far no middle or high schools have signed on as hoped.

Douglas County, Colorado, has one of the oldest and most comprehensive alternative compensation plans in the nation. The plan is multifaceted, combining elements of both pay-for-performance plans and knowledge-and-skills-based plans.

The Teacher's Union Reform Network (TURN), a consortium of 21 unions around the country, is experimenting with one or more forms of alternative teacher compensation. Cincinnati, Columbus, Denver, Memphis, Miami, and New York City grant unrestricted bonuses to staff under SBPA programs. Teachers in Los Angeles, Minneapolis, Montgomery County, Rochester, and Toledo, among others, receive significant cash bonuses for earning board-certification (Urbanski and Erskine).

### Where Can School Districts Turn for Guidance?

Odden and Kelley (1997) provide a theoretical framework for new forms of teacher compensation and offer examples of compensation innovations in place around the country. The CPRE Teacher Compensation Project has developed four models that illustrate different versions of what new pay systems might look like.

The Milken Family Foundation has produced a report (Solmon and Podgursky 2000) that argues most obstacles to performance-based compensation can be overcome. It advocates experimentation with pay plans that incorporate key elements of knowledge- and skills-based pay systems and performance-based systems.

The American Federation of Teachers (AFT), National Commission on Teaching and America's Future (NCTAF), and *Education Week* are also good sources for research and information on alternative teacher-compensation plans around the nation.

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Solmon, Lewis C., and Michael Podgursky. "The Pros and Cons of Performance-Based Compensation." Milken Family Foundation, 2000. http://www.mff.org/

Urbanski, Adam, and Roger Erskine. "School Reform, TURN, and Teacher Compensation." *Phi Delta Kappan* 81, 5 (January 2000): 367-70. EJ 599 066.


## WEB RESOURCES

The following links contain information on various alternative plans and on studies as well as specific information on the plans enacted in Cincinnati and Douglas County, Colorado.

American Federation of Teachers: http://www.aft.org/research/index.html

Consortium for Policy Research in Education at the University of Wisconsin-Madison: http://www.wcer.wisc.edu/cpre/

Education Week: http://www.edweek.org/ew/ewstory.cfm?slug=04cincy.h20&keywords=compensation

National Board for Professional Teaching Standards: http://www.nbpts.org

National Commission on Teaching & America's Future: http://www.tc.columbia.edu/~teachcomm/


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